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State Dept. review completed

Central Intelligence Agency



Washington, D. C. 20505

## DIRECTORATE OF INTELLIGENCE

19 April 1985

India: What Rajiv Hopes for in Moscow and Washington [redacted]

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Summary

Rajiv Gandhi is moving quickly to mark his foreign policy with a non-confrontational, business-like style, and he will display his even-handed approach during his trips to Moscow in May and Washington in June. In Moscow Rajiv will emphasize the close ties between the USSR and India to protect current arms and trade relations. In Washington he will seek stronger economic ties that he hopes will help him lead India to prosperity. Rajiv wants smooth foreign relations in general so that he can concentrate on his domestic agenda. [redacted]

25X1

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This memorandum was prepared by [redacted] the Subcontinent Branch of the Office of Near Eastern and South Asian Analysis. It was coordinated with the Directorate of Operations. Information as of 17 April 1985 was used in its preparation. Comments and queries are welcome and may be addressed to the Chief, South Asia Division, NESAs, [redacted]

25X1

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Copy 31 of 40

25X1

25X1

25X1

India: What Rajiv Hopes for in Moscow and Washington [ ]

25X1

In his first few months as Prime Minister, Rajiv Gandhi has moved quickly to establish his priorities and leadership style. He has brought several people with technical and business backgrounds on board as close advisors and replaced many Congress Party incumbents suspected of poor or corrupt performance. Gandhi has said his first priority is to make India work--politically and economically. [ ]

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So far, Gandhi has avoided the confrontational rhetoric favored by his mother and adopted a more even-handed approach in foreign relations. He has agreed to visit Moscow, said positive things about Indian-Soviet relations, and attended Chernenko's funeral, but insisted on the recall of Soviet diplomats caught spying earlier this year and called for an investigation of KGB activities in India--neither of the latter developments would have been as likely under his mother. On relations with the United States, India, under Rajiv, has expressed interest in closer ties, especially economic, and agreed to a Memorandum of Understanding on technology transfer. At the same time, it has maintained its longstanding practice in the United Nations of voting in opposition to the US on the human rights report on Afghanistan. [ ]

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#### First to Moscow

Gandhi is likely to respond positively to Gorbachev's reasonable, friendly, but "take charge" style. Moreover, the two leaders both wish to prevent slippage and misunderstandings in bilateral relations. Gandhi probably will defend his plans for closer economic relations with the west and market-oriented domestic economic reforms, while, for balance, call Moscow's attention to India's foreign policy stands on disarmament, the Middle East, and South Asia--including Afghanistan. We expect they will leave detailed discussion on the difficult issues of the recent assassination and defection of Soviet diplomats in India, Soviet Central Committee support for Gandhi's Congress Party, potential leakage of Soviet military technology to the West via India, and Afghanistan to lesser officials. Rajiv has commented publicly and privately that India's ties to Moscow are "time-tested" and that India will always remember that the Soviet Union stood by it in times of need. [ ]

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In contrast to his comments about relations with the West, however, Rajiv has said little about what India hopes or expects from Moscow in the future--a discrepancy that has not been lost on the Soviets. [ ]

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[ ] they are worried India is moving toward the West. Soviet officials know that Moscow cannot compete with the west in technology. Gorbachev will probably point to the Bhopal accident and US aid to Pakistan to remind Gandhi of the risks of cooperating with the United States. [ ]

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#### Economic and Military Agreements

Rajiv may expect to sign an agreement on some new economic aid project while in Moscow. India has almost \$500 million in unutilized Soviet credits that could be reallocated. Some new measures to ensure expanding trade ties may also be announced. We do not know whether Rajiv expects to sign any arms

25X1

agreements. The status of the purchase and co-production of the MIG-29, the USSR's latest and best fighter, is unclear. Discussions have been underway for nearly a year and are likely to have been the focus of Defense Minister Rao's visit to the USSR in early April. Given their uneasiness about Rajiv's slight tilt to the west, the Soviets may be dragging out the negotiations in order to forestall having to actually hand over the aircraft or the coproduction technology.

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### Then to Washington

Gandhi does not wish to perpetuate the impression that India has a special connection to Moscow and that he believes "the time is right to mend fences" with Washington. Gandhi will want to talk mainly about high tech and private sector economic growth. We think he will push particularly for US release of embargoed electronics and computer technology, identification of sensitive military technology available for Indian purchase, and US encouragement of private investment in India.

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Gandhi probably also expects strong support from the US for his free market policy initiatives. Rajiv is likely to argue that the success of his reforms will depend in part on India's access to a constant share, if not the same dollar amount, of bilateral and multilateral economic aid. He will gauge the extent of US interest in improved Indo-US relations by Washington's flexibility and follow-through shown on tech transfer and low-interest development loans.

25X1

Rajiv will raise the obstacles posed to better US-Indian relations by US arms sales to Pakistan and the leakage of US equipment and technology to Pakistan's nuclear program. He identified these two issues as the key factors standing in the way of improved relations with the US in a foreign policy speech to Parliament last week and said he hoped to receive a "positive response" on these points during his visit to Washington.

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New Delhi is fully aware that the US will not abandon Pakistan while the Soviets are in Afghanistan, and is willing to proceed to improve Indo-US relations on that basis. the Indians calculate that if the US continues to defend arming Pakistan by arguing that it is aimed at the Soviets in Afghanistan rather than India, then Washington should be willing to accept Indian arguments that the US could transfer sophisticated military technology to India without unduly provoking Pakistan.

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The Visits in Perspective

Gandhi has stressed that domestic issues are his first priority--reducing Hindu-Sikh tensions in Punjab, stimulating the economy, slowing population growth, and reforming education. He probably calculates that less confrontational foreign relations will allow him to concentrate on his domestic agenda. His foreign policy initiatives in South Asia, including Pakistan, thus far have sought to calm neighbors' worries about India's intentions. Finally, he knows that the visits alone to Washington and Moscow will enhance his prestige. In that sense, he may not need or expect much from either visit.

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25X1

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